

Message Text

CONFIDENTIAL

PAGE 01 LONDON 01047 01 OF 02 221202Z

11

ACTION EB-07

INFO OCT-01 EUR-12 EA-07 NEA-10 IO-11 ISO-00 OIC-02 FEA-01

AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 AF-06 ARA-06 /135 W
----- 096537

P R 221150Z JAN 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 8336

INFO AMEMBASSY CANBERRA

AMEMBASSY CAIRO

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USDEL MTN GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 01047

ROME FOR FODAG

E.O. 11652: GDS

TAGS: EAGR, ECON, ETRD

SUBJECT: WHEAT -- FOURTH SESSION OF INTERNATIONAL
WHEAT COUNCIL PREPARATORY GROUP

1. SUMMARY. DISCUSSION OF SECRETARIAT PAPERS, ESPEC-
IALLY THOSE ON APPLICATION OF PRICE AND QUANTITATIVE
RESERVE TRIGGERS AND OPTIONS FOR PROVISIONS IN NEW
WHEAT AGREEMENT TOOK PLACE IN GENERALLY CONSTRUCTIVE
ATMOSPHERE, MARKED BY COOPERATIVE EC POSTURE. HOWEVER,
DIVERGENCE OVER ROLE OF RESERVES BECAME MORE MARKED,
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 01047 01 OF 02 221202Z

ESPECIALLY WITH USSR EXPLICITLY REJECTING PARTICIPATION

IN A FOOD SECURITY RESERVE, WHILE LEAVING OPEN ITS PARTICIPATION IN "VOLUNTARY" RESERVE FOR MARKET STABILIZATION, EXECUTIVE SECRETARY, AS CHAIRMAN OF PREP GROUP, WILL REPORT ON STATUS OF PREPARATORY WORK TO SPECIAL WHEAT COUNCIL SESSION IN FEBRUARY. END SUMMARY.

2. AS IN PREVIOUS MEETINGS, VIEWS EXPRESSED BY OTHERS -- BOTH IMPORTERS AND EXPORTERS -- EMPHASIZED MARKET STABIL-

IZATION OVER FOOD SECURITY OBJECTIVES. US EXPANDED ON ITS RESERVES PROPOSAL BY ELABORATING ON PRINCIPLES FOR ACCUMULATING RESERVES IN PARALLEL WITH THOSE FOR RELEASE AND BY INDICATING NEED FOR TAKING CARRY-IN STOCK LEVEL/S INTO ACCOUNT, ALONG WITH PRODUCTION, IN OPERATION OF QUANTITATIVE TRIGGER TO GUIDE RELEASE AND ACCUMULATION OF RESERVES. IN RESPONSE TO VIEWS OF OTHERS, US DEL MADE CLEAR THAT, WHILE US WOULD BE FLEXIBLE IN NEGOTIATING ITS PROPOSAL, IT WOULD NOT ACCEPT DIVERSION OF ITS RESERVES SCHEME INTO A MARKET STABILIZATION MECHANISM. ON OTHER HAND, AFTER QUANTITATIVE TRIGGER HAS INDICATED NEED FOR CONSULTATION, US PREPARED ACCEPT NOTION THAT PRICE MOVEMENTS ARE A FACTOR IN CONSIDERATION OF ACTION WHICH MIGHT BE TAKEN IN WARNING STAGE.

3. ONLY OTHER NEW IDEAS CAME FROM CANADA, WHICH LINKED ITS EARLIER OUTLINE FOR POLICY CONSULTATION AMONG PRINCIPAL TRADING COUNTRIES TO INDICATORS DISCUSSED IN RESERVES CONTEXT. CANADA ALSO REPEATED OPENLY, VIEW IT HAD EARLIER EXPRESSED TO US PRIVATELY, THAT 30 MILLION TON GRAIN RESERVE PROPOSED BY US HAD COMMERCIAL IMPLICATIONS IT IS PREPARED TO CONSIDER ONLY IN CONTEXT OF MARKET STABILIZATION AGREEMENT. HOWEVER, IF SCHEME SUBSTANTIALLY SCALED DOWN, FOR EXAMPLE TO DEAL ONLY WITH LDC PRODUCTION SHORTFALLS, THEN IT MIGHT BE ACCEPTABLE WITHOUT STABILIZATION FEATURES.

4. USSR BROKE A PROLONGED SILENCE ON ITS PART TO DESCRIBE CONDITIONS FOR ITS PARTICIPATION IN EVENTUAL NEGOTIATIONS. IT MADE CLEAR ITS INTEREST ONLY IN A NEW WHEAT TRADE CONVENTION TO STABILIZE PRICES IN WHICH

CONFIDENTIAL

PAGE 03 LONDON 01047 01 OF 02 221202Z

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 LONDON 01047 02 OF 02 221203Z

12

ACTION EB-07

INFO OCT-01 ISO-00 IO-11 OIC-02 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

AF-06 ARA-06 EA-07 EUR-12 NEA-10 /135 W

----- 096619

P R 221150Z JAN 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 8337

INFO AMEMBASSY CANBERRA

AMEMBASSY CAIRO

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USDEL MTN GENEVA

C O N F I D E N T I A L SECTION 02 OF 02 LONDON 01047

THERE COULD BE "VOLUNTARY" HOLDING OF STOCKS FOR STABILIZATION PURPOSES. IT WOULD NOT TAKE PART IN POSSIBLE ADDITIONAL CONVENTIONS, E.G., FOR FOOD AID (AS FOOD SECURITY RESERVES. SOVIET DEL ALSO INSISTED NEGOTIATIONS MUST BE UNDER UN (PRESUMABLY U-CTAD) AUSPICES, BUT WHILE WANTING NEGOTIATIONS TO BEGIN AS SOON AS POSSIBLE, NOTED THAT ADDITIONAL PREPARATORY WORK NEEDED COULD DELAY A DECISION ON CONVENING A NEGOTIATING CONFERENCE UNTIL LATE 1976.

5. LDC SPOKEQMEN (INDIA AND EGYPT) DID NOT CHALLENGE

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 01047 02 OF 02 221203Z

SOVIET REJECTION OF FOOD SECURITY RESERVE AND CONTINUED TO EMPHASIZE THEIR INTEREST IN PREFERENTIAL PRICING OF WHEAT EXPORTS TO LDCS IN COMBINATION WITH FOOD SECURITY SCHEME. ARGENTINA, HOWEVER, OPPOSED TWO-TIER PRICING ON BASIS IT WOULD ADVERSELY AFFECT TRADE OF DEVELOPING EXPORTING COUNTRIES.

6. CRITICAL REVIEW OF SECRETARIAT PAPERS AT MEETING IDENTIFIED AREAS OF ADDITIONAL WORK NEEDED, E.G., JOINING STOCKS TO PRODUCTION TO PRODUCE A QUANTITATIVE INDICATOR BASED ON TOTAL SUPPLY CONCEPT, ROLE AND MEANS FOR POLICY COORDINATION, AND GREATER BALANCE (AT REQUEST OF EC DEL) BETWEEN RESERVES AND STABILIZATION OPTIONS. CANADA FURTHER SUGGESTED PRIVATELY (AND US AGREED) THAT CONSIDERATION BE GIVEN TO SECRETARIAT PROCEEDING WITH ADDITIONAL TECHNICAL WORK ASSISTED BY SELECTED WORKING PARTY OF INTERESTED MEMBERS, SUCH AS THOSE REPRESENTED ON ADVISORY SUB-COMMITTEE ON MARKET CONDITIONS. EXECUTIVE SECRETARY MAY PURSUE THIS SUGGESTION WHEN REPORTING TO SPECIAL SESSION OF COUNCIL CONVENING ON FEBRUARY 19 TO CONSIDER EXTENSION OF PRESENT AGREEMENT BEYOND JUNE 30 COUNCIL WILL THEN DECIDE ON FURTHER WORK.

SPIERS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: WHEAT, MEETINGS, GRAINS, STOCKPILES
Control Number: n/a
Copy: SINGLE
Draft Date: 22 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LONDON01047
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760024-0556
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760132/aaaabbs.tel
Line Count: 193
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 29 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 MAR 2004 by KelleyW0>; APPROVED <29 JUL 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WHEAT -- FOURTH SESSION OF INTERNATIONAL WHEAT COUNCIL PREPARATORY GROUP
TAGS: EAGR, ECON, ETRD, EPAP, IWC-2
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006